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SCHWEGMAN, LUNDBERG, WOESSNER & KLUTH, P.A.			KYLE, CHARLES R	
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P.O. BOX 2938			PAPER NUMBER	
MINNEAPOLIS, MN 55402-0938			3624	

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Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No. 09/577,434	Applicant(s) MAY ET AL.	
	Examiner Charles Kyle	Art Unit 3624	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 22 April 2005.
 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-25 is/are pending in the application.
 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
 5) ☐ Claim(s) _____ is/are allowed.
 6) ☒ Claim(s) 1-25 is/are rejected.
 7) ☐ Claim(s) _____ is/are objected to.
 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
 Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
 Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
 a) ☐ All b) ☐ Some * c) ☐ None of:
 1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
 * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|---|--|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input checked="" type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. <u>8/9/05</u> |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date <u>April 22, 2005</u> | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-3, 8-10 and 12 are rejected under 35 U.S.C. 103(a) as being unpatentable over US 5,794,221 *Egendorf*, already of record in view of *The Official eBay Guide to Buying, Selling, and Collecting Just About Anything*, hereinafter, *eBay*.

Concerning Claim 1, *Egendorf* discloses the invention substantially as claimed, including:

a method for facilitating online payment transactions between participants in a network-based transaction facility (col. 1, line 55 to col. 4, line 22), the method comprising:

communicating to a first participant via a communications network, information identifying a plurality of payment instruments available for processing online payment transactions in the network-based transaction facility the information to facilitate a selection by the first participant of at least one of the plurality of payment instruments that the first participant is willing to accept when receiving a payment from a second participant (col. 2, lines 9-37 and col. 6, line 60 to col. 7, line 4 and regarding new claim language, Col. 6, line 52 to Col. 7, line 4);

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receiving payment option information from the first participant via the communications network, the payment option information identifying the selection of the at least one of the plurality of payment instruments (col. 3, lines 63-67);

communicating the payment option information to the second participant (col. 3, line 18 to col. 4, line 27).

performing a risk analysis pertaining to an online payment transaction between the first participant and the second participant using at least feedback information, pertaining to the second participant and provided by users of the network-based transaction facility (col. 4, line 66 to Col. 6, line 36; see particularly Col. 5, lines 30-42) to determine whether the second participant is qualified to use a payment instrument selected by the second participant from the at least one payment instrument acceptable to the first participant (Col. 5, lines 31-42; Col. 5, line 66 to Col. 6, line 10); and

accepting personal billing information concerning the selected payment instrument if the second participant is qualified to use the selected payment instrument, (col. 4, line 66 to col. 5, line 10; Col. 6, lines 13-36), the personal billing information being accepted via the communications network to facilitate the online payment transaction between the first participant and the second participant (col. 6, lines 25-36).

Egendorf fails to disclose that the instrument selected by the second participant must be acceptable to the first participant or that a risk analysis is performed based on feedback information provided by peers of the second participant. *eBay* disclose that the payment form selected by the second participant must be acceptable to the first participant at pages 108-109. It

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would have been obvious to one of ordinary skill in the art at the time of the invention to modify *Egendorf* by allowing the first participant to specify a payment form used by the second participant as taught by *eBay* because this would have allowed the first participant to exercise greater control over the transaction.

eBay further discloses that a risk analysis is done using feedback information provided by peers of the second participant at pages 31-35. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify *Egendorf* with the risk analysis using feedback information provided by peers of the second participant of *eBay* because this would provide information related to the participant's reliability and likelihood of prompt payment. This is supported by the text at page 31, text beginning "'In the world of commerce...'", which clearly shows the importance to a transaction of a user's character.

Applicants' limitation requiring determination that the vendor is qualified to accept at least one payment instrument is addressed herein. At Col. 5, line 66 to Col. 6, line 8, *Egendorf* discloses qualification of a customer for payment using a credit card. Similarly, at Col. 7, lines 1-4, *Egendorf* discloses the use of a credit card account to receive payment to the vendor. The Examiner takes official notice that qualification of an account user is notoriously old in the art of payments. It would have been obvious to one of ordinary skill in the art at the time the invention was made to have demonstrated qualification of a vendor to receive payment because this would have assured that payment could be completed. Applicant's claims recite no particular qualification process; qualification could consist of a basic and obvious check to confirm that the vendor maintained a valid account to receive payment.

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As to Claim 2, *Egendorf* discloses dynamically evaluating risk involved in the online payment transaction between the first participant and the second participant; and restricting the online payment transaction based on the evaluated risk (col. 5, lines 30-48 and col. 6, lines 10-13).

Regarding Claim 3, *Egendorf* discloses is evaluating the involved risk using various information concerning the first participant and the second participant, the various information including information stored by an online payment service (col. 5, line 66 to col. 6, line 13) and information obtained from any one of a plurality of third party risk analysis providers (col. 5, lines 35-39) via the communications network.

Concerning Claim 8, *Egendorf* disclose communicating the personal billing information of the second participant to a financial institution to process the online payment transaction (Col. 6, lines 13-36), the personal billing information being communicated over the communications network (col. 5, lines 30-41); and notifying the first participant when the online payment transaction completes (col. 5, lines 18-29).

As to Claim 9, *Egendorf* does not specifically disclose the use of an invoice form interface to pass invoice information to a second participant. *eBay* teaches enabling a first participant to provide invoice information in such a feature at page 133. It would have been obvious to one of ordinary skill in the art at the time of the invention to include such a feature in combination with *Egendorf* because the first participant would provide an accurate summary of all payment related information for the second participant. Further, determination that the first participant was qualified to initiate an online payment transaction would have been obvious to

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ensure validity of invoices, just as payment approvals would have been necessary to ensure payment validity.

As to Claim 10, see the discussion of Claim 1 above. *Egendorf* does not specifically disclose a billing interface to obtain personal billing information concerning a payment instrument. Official Notice is taken that it was old and well known to provide such an interface to obtain information to facilitate a payment. For example, it was known to provide a interface form requesting payer's name, address, card type, and account number and expiration date. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify *Egendorf* to include such a billing interface because this would facilitate collection of information essential to payment.

Regarding Claim 12, *Egendorf* teaches non-disclosure of personal billing information at col. 5, lines 39-41.

Claim 4 is rejected under 35 U.S.C. 103(a) as being unpatentable over *Egendorf* in view of *eBay* and further in view of US 6,049,785 *Gifford*.

Concerning Claim 4, *Egendorf* discloses the invention substantially as claimed. See the discussion of Claim 2 above. *Egendorf* does not specifically disclose evaluation of involved risk at various stages of an online payment transaction between first and second participants. *Gifford* discloses this feature at col. 8, line 24 to col. 10, line 22 and Figure 14. It would have been obvious to one of ordinary skill in the art at the time of the invention to provide such multi-stage risk evaluation in the combination with *Egendorf* because this would have provided more comprehensive assurance that the transaction was likely to be carried forward to successful

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completion. Further, it would have been obvious to provide such a multi-stage risk evaluation, because this would have helped assure that all parties to the transaction were reliable and likely to successfully complete a transaction.

Claims 5-6 and 11 are rejected under 35 U.S.C. 103(a) as being unpatentable over *Egendorf* in view of *eBay* and further in view of US 5,978,780 *Watson*, already of record.

Concerning Claim 5, *Egendorf* discloses the invention substantially as claimed. See the discussion of Claim 1 above. *Egendorf* does not specifically disclose accepting and accumulating multiple payments to a first participant and disbursing to the first participant a single accumulated payment. *Watson* discloses this method (col. 2, lines 33-47). It would have been obvious to one of ordinary skill in the art at the time of the invention to combine multiple accepted payments into a single accumulated disbursement because this would have reduced the number of transactions necessary to complete multiple transactions, which *Watson* specifically describes at col. 2, lines 43-47. The Examiner further notes that this method is analogous to the accumulation of multiple payments over a period of time in, for example, a gasoline company consumer credit account, and the disbursement to the company of a single payment by the account holder at the end of a particular billing period, a process which was well known and to credit card holders.

As to Claim 6, *Egendorf* discloses accepting multiple payments over a communication network using plural payment instruments at col. 6, lines 13-36.

Regarding Claim 11, *Watson* discloses the encryption of personal billing information at col. 15, lines 57-60. It would have been obvious to one of ordinary skill in the art at the time of the invention to have modified the combination with *Egendorf* with the encryption disclosed by *Watson* because this would have provided security for transaction information communicated across the communications network by preventing dishonest third parties from intercepting and misusing the transaction information.

Claims 7 is rejected under 35 U.S.C. 103(a) as being unpatentable over *Egendorf* in view of *eBay* and further in view of *Tessler*, already of record.

Concerning Claim 7, *Egendorf* discloses the invention substantially as claimed. See the discussion of Claim 1 above. *Egendorf* does not specifically disclose the network-based transaction facility as a network-based auction facility. *Tessler* discloses network based auction facilities that facilitate online payment transactions. See first page, bracketed area. It would have been obvious to one of ordinary skill in the art at the time of the invention to have used the payment method disclosed by *Egendorf* in an auction facility because auctions may require payments widely varying in size requiring different payment instruments and their method would have been amenable to this form of operation. *Egendorf* specifically sets out this point at col. 6, lines 13-24.

Concerning Claims 13-24, they are the system form of Claims 1-12 respectively and are rejected in a like manner. Note that *Egendorf* discloses a system for the accomplishment of the method steps in Fig. 1 and col. 4, lines 40-56.

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Additionally, in the treatment of amended Claims 14 +, the phrase user is seen as equivalent to user and second participant is seen equivalent to further user.

As to Claim 25, it recites a machine readable medium comprising instructions, which when executed on a machine, cause the machine to perform a method for facilitating online payment transactions between participants in a network-based transaction facility, the method comprising the steps recited in Claim 1. Official Notice is taken that it was old and well known to perform commerce method steps by executing instructions on a machine. For example, the method steps performed for all internet payment methods are so stored and executed. It would have been obvious to one of ordinary skill in the art at the time of the invention to have utilized such a computer readable medium to execute the method disclosed by *Egendorf* because such a medium was a well known, inexpensive and reliable means for storing instructions for execution by processors. In this instance, the examiner relies on a common understanding of computer processors as machines, (i. e. a processor as simple as a Turing machine).

Response to Arguments

Applicant's arguments filed April 22, 2005 have been fully considered but they are not persuasive. Applicant begins substantive argument at page 11 of the Response with comment that eBay does not teach or suggest, "performing a risk analysis... to determine whether second participant is qualified to use a payment instrument". The Examiner relied on *Egendorf* for this limitation as cited above. Specifically, *Egendorf* discloses the use of a third party credit card transaction approval company, which performs risk analysis through steps such as checking whether available credit will be exceeded by a particular transaction or whether the card is

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reported stolen. See Col. 5, line 31-42 at least. Applicant's claim recites no particular steps or algorithm that distinguishes over this "risk analysis". Additionally, *eBay* discloses a rudimentary risk analysis by a buyer who uses counterparty's reputation as a measure of risk for doing business, as set forth in the discussion of Claim 1.

Applicant's argument following on pages 11 through 12 for dependent Claims relies on the points addressed directly above.

In response to applicant's argument that there is no suggestion to combine the references, the examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988) and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992). In this case, the incremental reputation information provided by *eBay* would provide additional "risk analysis" for the transaction. One of ordinary skill in the commercial arts would recognize this, knowing that a person of good reputation would present less risk.

In response to applicant's argument that the examiner's conclusion of obviousness is based upon improper hindsight reasoning, it must be recognized that any judgment on obviousness is in a sense necessarily a reconstruction based upon hindsight reasoning. But so long as it takes into account only knowledge which was within the level of ordinary skill at the time the claimed invention was made, and does not include knowledge gleaned only from the applicant's disclosure, such a reconstruction is proper. See *In re McLaughlin*, 443 F.2d 1392, 170 USPQ 209 (CCPA 1971).

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The rejections are maintained.

Conclusion

THIS ACTION IS MADE FINAL. Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than **SIX MONTHS** from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Charles Kyle whose telephone number is (571) 272-6746. The examiner can normally be reached on 6:30 to 3:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on (571) 272-6747. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

crk
August 10, 2005

Examiner Charles Kyle

A handwritten signature in black ink, appearing to read "Charles Kyle", with a stylized flourish at the end.